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Finances Québec

MONTHLY REPORT ON FINANCIAL TRANSACTIONS

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AS AT OCTOBER 31, 2014

Highlights for October 2014

- Budgetary revenue totalled $5.8 billion in October, up $227 million compared to last year. Own-source revenue was $4.3 billion, up $192 million, while federal transfers totalled $1.5 billion, an increase of $35 million.
- Program spending amounted to $5.6 billion, down $73 million from last year.
- Debt service stood at $688 million, down $44 million from last year.
- Taking into account the deposit of $93 million in the Generations Fund, the monthly budgetary balance within the meaning of the *Balanced Budget Act* showed a deficit of $481 million for October 2014.

On the basis of the cumulative results as at October 31, 2014, the budgetary balance within the meaning of the *Balanced Budget Act* was in deficit by $438 million.

Summary of consolidated budgetary transactions
(millions of dollars)

(Unaudited data)

	October		April to October			Update on Québec's Economic and Financial Situation December 2014	
	2013 [1]	2014	2013-2014 [1]	2014-2015	Change %	2014-2015	Forecast growth %
Budgetary revenue							
Own-source revenue	4 133	4 325	29 680	30 677	3.4	54 413	2.2
Federal transfers	1 415	1 450	9 614	9 731	1.2	16 812	1.7
Total	**5 548**	**5 775**	**39 294**	**40 408**	**2.8**	**71 225**	**2.1**
Budgetary expenditure							
Program spending	–5 625	–5 552	–36 262	–36 740	1.3	–65 704	2.1
Debt service	–732	–688	–4 950	–4 799	–3.1	–8 430	–0.0
Total	**–6 357**	**–6 240**	**–41 212**	**–41 539**	**0.8**	**–74 134**	**1.9**
Consolidated entities[2]							
Non-budget-funded bodies and special funds	45	6	596	794	—	639	—
Health and social services and education networks	–34	–22	–119	–101	—	–80	—
Generations Fund	84	93	581	665	—	1 285	—
Total	**95**	**77**	**1 058**	**1 358**	**—**	**1 844**	**—**
Surplus (Deficit)	**–714**	**–388**	**–860**	**227**	**—**	**–1 065**	**—**
Balanced Budget Act							—
Deposits of dedicated revenues in the Generations Fund	–84	–93	–581	–665	—	–1 285	—
BUDGETARY BALANCE WITHIN THE MEANING OF THE BALANCED BUDGET ACT	**–798**	**–481**	**–1 441**	**–438**	**—**	**–2 350**	**—**

(1) For comparison purposes, spending for 2013-2014 was adjusted to take into account the changes made by the Ministère de l'Éducation, du Loisir et du Sport and the Ministère de l'Enseignement supérieur, de la Recherche et de la Science in the monthly transfer expenditure apportionment rates for private institutions, as well as the actual results of all non-budget-funded bodies and special funds.

(2) Details of transactions by type of entity are presented on page 6 of this report.

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❑ Cumulative results as at October 31, 2014

■ Budgetary balance

For the period from April to October 2014, the budgetary balance within the meaning of the *Balanced Budget Act* was in deficit by $438 million.

For fiscal 2014-2015 as a whole, the December 2014 Update on Québec's Economic and Financial Situation provides for a budgetary balance in deficit by $2.4 billion.

■ Budgetary revenue

As at October 31, 2014, budgetary revenue amounted to $40.4 billion, $1.1 billion more than as at October 31, 2013.

— Own-source revenue stood at $30.7 billion, up $997 million from the same time last year.

— Federal transfers amounted to $9.7 billion, up $117 million compared to October 31, 2013.

■ Budgetary expenditure

Budgetary expenditure as of the beginning of the fiscal year totalled $41.5 billion, an increase of $327 million, or 0.8%, over last year.

For the period from April to October, program spending rose by $478 million, or 1.3%, reaching $36.7 billion. The most significant changes were in the Health and Social Services ($422 million) and Education and Culture ($122 million) missions.

Debt service amounted to $4.8 billion, a decrease of $151 million, or 3.1%, compared to last year.

Consolidated entities

As at October 31, 2014, the results of consolidated entities showed a surplus of $1.4 billion. These results included:

— a surplus of $794 million for non-budget-funded bodies and special funds;

— dedicated revenue of $665 million for the Generations Fund;

— a $101-million deficit for the health and social services and education networks.

Net financial requirements

As at October 31, 2014, consolidated net financial requirements stood at $4.5 billion, an increase of $640 million compared to last year. Net financial requirements reflect the current budgetary balance as well as the year-over-year change in receipts and disbursements in the course of the government's transactions.

Consolidated budgetary and financial transactions
(millions of dollars) (Unaudited data)

	October			April to October		
	2013 [1]	2014	Change	2013-2014 [1]	2014-2015	Change
Budgetary revenue						
Own-source revenue	4 133	4 325	192	29 680	30 677	997
Federal transfers	1 415	1 450	35	9 614	9 731	117
Total	**5 548**	**5 775**	**227**	**39 294**	**40 408**	**1 114**
Budgetary expenditure						
Program spending	–5 625	–5 552	73	–36 262	–36 740	–478
Debt service	–732	–688	44	–4 950	–4 799	151
Total	**–6 357**	**–6 240**	**117**	**–41 212**	**–41 539**	**–327**
Consolidated entities [2]						
Non-budget-funded bodies and special funds	45	6	–39	596	794	198
Health and social services and education networks	–34	–22	12	–119	–101	18
Generations Fund	84	93	9	581	665	84
Total	**95**	**77**	**–18**	**1 058**	**1 358**	**300**
Surplus (Deficit)	**–714**	**–388**	**326**	**–860**	**227**	**1 087**
Consolidated non-budgetary requirements	–816	–1 169	–353	–2 966	–4 693	–1 727
CONSOLIDATED NET FINANCIAL SURPLUS (REQUIREMENTS)	**–1 530**	**–1 557**	**–27**	**–3 826**	**–4 466**	**–640**

(1) For comparison purposes, spending for 2013-2014 was adjusted to take into account the changes made by the Ministère de l'Éducation, du Loisir et du Sport and the Ministère de l'Enseignement supérieur, de la Recherche et de la Science in the monthly transfer expenditure apportionment rates for private institutions, as well as the actual results of all non-budget-funded bodies and special funds.
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General fund revenue

(millions of dollars) (Unaudited data)

Revenue by source	October			April to October		
	2013	2014	Change %	2013-2014	2014-2015	Change %
Own-source revenue excluding government enterprises						
Income and property taxes						
Personal income tax	1 262	1 626	28.8	10 917	11 277	3.3
Contributions to Health Services Fund	662	633	–4.4	3 990	4 023	0.8
Corporate taxes	242	211	–12.8	1 553	1 718	10.6
Consumption taxes	1 475	1 430	–3.1	10 062	10 404	3.4
Other sources	156	143	–8.3	949	1 095	15.4
Total own-source revenue excluding government enterprises	**3 797**	**4 043**	**6.5**	**27 471**	**28 517**	**3.8**
Revenue from government enterprises	336	282	–16.1	2 209	2 160	–2.2
Total own-source revenue	**4 133**	**4 325**	**4.6**	**29 680**	**30 677**	**3.4**
Federal transfers						
Equalization	652	774	18.7	4 569	5 417	18.6
Health transfers	444	404 (1)	–9.0	3 031	2 820 (1)	–7.0 (1)
Transfers for post-secondary education and other social programs	124	133	7.3	896	926	3.3
Other programs	108	139	28.7	513	568	10.7
Subtotal	**1 328**	**1 450**	**9.2**	**9 009**	**9 731**	**8.0**
Harmonization of the QST with the GST – Compensation	87 (2)	—	—	605 (2)	—	—
Total federal transfers	**1 415**	**1 450**	**2.5**	**9 614**	**9 731**	**1.2**
BUDGETARY REVENUE	**5 548**	**5 775**	**4.1**	**39 294**	**40 408**	**2.8**

(1) In accordance with the policy directions of Budget 2014-2015, tabled on June 4, 2014, $430 million in health transfers was earmarked in 2014-2015 for the Fund to Finance Health and Social Services Institutions (FINESSS), a consolidated entity. That allocation is spread over 2014-2015, at $36 million a month, and has already been deducted from the health transfers. Were it not for the allocation, the change would be 1.3% instead of -7.0%.

(2) Revenue from federal compensation for sales tax harmonization is recorded as spending funded by the compensation is recognized. Consequently, the payment of $1 467 million received in that respect in 2013-2014 was spread over 2013-2014, at $86 million a month, for debt service expenditure and $36 million a month for the FINESSS.

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General fund expenditure
(millions of dollars) **(Unaudited data)**

Expenditure by mission	October 2013 [1],[2]	October 2014	October Change %	April to October 2013-2014 [1],[2]	April to October 2014-2015	April to October Change %
Program spending						
Health and Social Services	2 651	2 720	2.6	17 947	18 369	2.4
Education and Culture	1 495	1 490	–0.3	9 179	9 301	1.3
Economy and Environment	604	492	–18.5	3 147	2 975	–5.5
Support for individuals and families	543	533	–1.8	3 679	3 769	2.4
Administration and Justice	332	317	–4.5	2 310	2 326	0.7
Total program spending	**5 625**	**5 552**	**–1.3**	**36 262**	**36 740**	**1.3**
Debt service	**732**	**688**	**–6.0**	**4 950**	**4 799**	**–3.1**
BUDGETARY EXPENDITURE	**6 357**	**6 240**	**–1.8**	**41 212**	**41 539**	**0.8**

(1) For comparison purposes, spending for 2013-2014 was adjusted to take into account the changes made by the Ministère de l'Éducation, du Loisir et du Sport and the Ministère de l'Enseignement supérieur, de la Recherche et de la Science in the monthly transfer expenditure apportionment rates for private institutions, as well as the actual results of all non-budget-funded bodies and special funds.
(2) Certain spending was reclassified between missions to take into account the transition to the 2014-2015 budgetary structure as of September 2014.

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Detailed information on the transactions of consolidated entities
(millions of dollars) **(Unaudited data)**

	October 2014								
	Special funds	Generations Fund	Specified purpose accounts	Transfers (expenditures) related to the tax system	Non-budget-funded bodies	Health and education networks [1]	Total	Consolidation adjustments [2]	Total
Revenue	**1 003**	**93**	**26**	**719**	**2 037**	**—**	**3 878**	**–2 058**	**1 820**
Expenditure									
Expenditure	–817	—	–26	–719	–1 954	–22	–3 538	1 967	–1 571
Debt service	–184	—	—	—	–79	—	–263	91	–172
Total	**–1 001**	**—**	**–26**	**–719**	**–2 033**	**–22**	**–3 801**	**2 058**	**–1 743**
RESULTS	**2**	**93**	**—**	**—**	**4**	**–22**	**77**	**—**	**77**

	April to October 2014								
	Special funds	Generations Fund	Specified purpose accounts	Transfers (expenditures) related to the tax system	Non-budget-funded bodies	Health and education networks [1]	Total	Consolidation adjustments [2]	Total
Revenue	**6 524**	**665**	**435**	**3 618**	**13 374**	**—**	**24 616**	**–13 345**	**11 271**
Expenditure									
Expenditure	–4 838	—	–435	–3 618	–12 460	–101	–21 472	12 712	–8 760
Debt service	–1 233	—	—	—	–553	—	–1 786	633	–1 153
Total	**–6 071**	**—**	**–435**	**–3 618**	**–13 033**	**–101**	**–23 258**	**13 345**	**–9 913**
RESULTS	**453**	**665**	**—**	**—**	**341**	**–101**	**1 358**	**—**	**1 358**

(1) The results of the networks are presented according to the modified equity accounting method.
(2) Consolidation adjustments include the elimination of program spending from the general fund.

The next monthly report, as at November 30, 2014, will be published on February 20, 2015.

For more information, contact the Direction des Communications of the Ministère des Finances at 418 528-7382.

The report is also available on the Ministère des Finances website: www.finances.gouv.qc.ca.